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CHARLES ELMORE CROPLEY

IN THE

Supreme Court of the United States

OCTOBER TERM, 1949.

Nos. 478 and 479

CONSUMERS PETROLEUM COMPANY,
Petitioner,

vs.

CONSUMERS COMPANY,
Respondent.

BRIEF FOR RESPONDENT ON PETITION FOR WRIT OF CERTIORARI.

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THE BUNTHORP-WARREN PRINTING COMPANY, 210 WEST JACKSON, CHICAGO

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THE ESSENTIAL FACTS OF THE CASE.

Petitioner's statement of the case fails to give the essential facts and its purported summary of the two opinions of the Court of Appeals is inaccurate and incomplete. A short counterstatement is therefore necessary.

At the outset it should be noted that every aspect of this case has previously been presented to this Court on petitions for writs of certiorari filed by the respective parties after the first decision of the Court of Appeals. Both petitions were denied. (335 U. S. 902.) In the petition then filed by the present respondent (No. 395, 1948 Term), the question in issue was stated as follows:

> "The principal question presented is whether a long-established corporation, acting honestly and in good

> faith and being guilty of no fraud or palming off, may be enjoined from using its corporate name in the business of marketing a new specific product in the same general field in which it has been engaged, and in which it has created a valuable good will, at the instance of a corporation subsequently formed under a similar name, especially when there is no finding of secondary significance in the later corporation's name and it is not inherently distinctive."

In opposing that petition the present petitioner stated:

> "Petitioner has set forth no grounds or reasons which should impel this Court to grant its petition for a writ of certiorari as prayed for by petitioner. The petition essentially presents only issues of local law."

The instant petition (p. 6) states the principal question presented to be whether the Court of Appeals "erred in holding that defendant could continue the sale of fuel oil in that [the Chicago metropolitan] area under the name 'Consumers Company' "; and, in contrast to its earlier position that the corporate name question presented only "issues of local law," petitioner now states (p. 14) that the second decision of the Court of Appeals on that question "manifestly and clearly is one of general importance"!

The essential facts, omitted in petitioner's statement, are briefly as follows:*

The respondent, with its predecessor company of the same name, is an old Chicago company which since 1913 has been extensively engaged in the fuel and building material business in the Chicago metropolitan area. While

* Although the original Court of Appeals Record is not before this Court on the present petition these facts appear essentially from the present Record, particularly from the opinions of the Court of Appeals (R. 4 and 139-144), including a dissenting opinion (R. 22) of Judge Minton (now Mr. Justice Minton of this Court) on the original appeal.

from the beginning of its existence it had sold coal, coke, wood and petroleum carbon, it did not sell fuel oil until 1927, when it began to advertise rather extensively, by means of billboards and other outdoor advertising and in newspapers, the Chicago and suburban classified telephone books and through other media that it had added fuel oil to its line of fuels (such addition being due to the growing use of oil burners at about that time). Its sales thereafter were continuous, although its volume was quite small (with the Standard Oil Company (Indiana) making deliveries for it) until 1938, when it greatly expanded this branch of its fuel business and began making its own deliveries. This part of its business now amounts to several million dollars a year.

The petitioner was organized on December 28, 1925, and presumably began selling fuel oil early in 1926. With full knowledge of respondent's widely known and respected name, petitioner selected the name "Consumers Petroleum Company" and immediately began using on its stationery, delivery tickets and in advertising, and also on some of its trucks, a trade symbol in the form of a seal quite similar to a seal which had been extensively used by the respondent in the same ways since 1913 and which had become firmly identified in the public mind with the respondent's business. The respondent's seal had always borne the words "Consumers Company" and "Guaranteed Products." Petitioner placed on its seal the words "Consumers Oils" and "Guaranteed Quality." The present action was filed by petitioner against respondent in 1940, some thirteen years after respondent had added fuel oil to its line of fuel products. A counterclaim was filed by respondent against petitioner but was dismissed by the District Court on the ground of laches and no appeal was taken from such dismissal.

The District Court, and the dissenting opinion of Judge

Minton on the first appeal, held that petitioner's adoption and use of this similar name and trade symbol, as well as other conduct on its part, showed that it was acting in bad faith and that it was in court with unclean hands; that the action was barred by laches and estoppel; that the respondent had done no wrong; and that accordingly the complaint should be dismissed in its entirety for want of equity and because of unclean hands. In this connection Judge Minton said (R. 25):

> "*The only evidence of questionable conduct in the instant case is that of the plaintiff.*
>
> "I agree with the District Court that the complaint should have been dismissed as without equity and for the further reason that the plaintiff did not come into court with clean hands. I would deny equitable relief and certainly would agree that there are no damages due the plaintiff." (Italics ours.)

The majority opinion on the first appeal (R. 4), while holding that "the equities of the situation are such that a monetary award should be denied," that "defendant was guilty of no fraud or palming off" and that "there is nothing in defendant's conduct that demonstrates a lack of honesty or good faith," nevertheless held that there should be an injunction (the scope of which was not very clearly defined) against respondent because petitioner started selling fuel oil before respondent did.

On the second appeal, from a decree which the District Court (acting expressly against its judgment and under supposed compulsion of the first mandate of the Court of Appeals) said was intended "to put the Consumers Company out of the fuel oil business in Chicago" (R. 140), the Court of Appeals, after quoting several passages from its former opinion, clarified its intention as follows (R. 143):

> "Does this language leave any room for doubt but that it was defendant's use of the trade name 'Con-

sumers' which we condemned and held to be unfair competition? And is there any reasonable basis for plaintiff's contention, agreed to by the court below, that our holding was designed to prohibit the defendant from the use of its corporate name? We think both questions must be answered in the negative. Unfortunately, there are two or three sentences in the opinion which, if standing alone, might form the basis for the inference that we were striking at the corporate name, but certainly the opinion taken as a whole does not lend itself to such a result. * * * Certainly no such result was intended."

Petitioner's assertion in its Statement, and its contention in its Argument, that the Court of Appeals based its second opinion, in part at least, on doubt as to its "authority" to enjoin the respondent's use of its corporate name, should be considered in the light of the context in which that word was used, which was as follows (R. 143):

"On the former record, there was no showing that either plaintiff's corporate name or its trade name 'Consumers' had acquired a secondary meaning, and it was conceded and found that the defendant was guilty of no fraud, palming off or bad faith. Under such a situation, we think a serious question would arise as to the authority of a court to enjoin defendant's use of its corporate name adopted long prior to the adoption and use by plaintiff of a similar corporate name. At any rate, our attention is called to no authority which under similar circumstances has imposed such a drastic remedy."

ARGUMENT.

The amazing thing about this case is that any injunction at all should be ordered against the respondent—not that it should be limited so as to bring it within a "rule of reason." The Court of Appeals of course recognized that an injunction, such as that contended for by petitioner, which would put respondent in the dilemma of having to either give up its old and very valuable corporate name or to discontinue its large and lucrative fuel oil business, would be completely beyond the bounds of reason and plainly inappropriate to the facts of the case. Both Courts, and both the majority and minority opinions in the Court of Appeals, agreed that respondent has acted in entire honesty and good faith. As pointed out above, Judge Minton realistically said that the only evidence of questionable conduct in the instant case is that of the petitioner. The petitioner (the actual wrongdoer) not the respondent (the innocent party), is the one which should have been enjoined. If, by any chance, this Court should grant the writ sought by the petitioner, it is submitted that the question of whether any injunction at all should be issued against the respondent is the aspect of the case which should be reviewed. But this Court denied the respondent's petition grounded on this basic error of the Court of Appeals, and it appears too plain to call for any extended argument that the present petition is unfounded.

We shall therefore confine this part of our brief to refuting a few of petitioner's representations and attempted inferences on factual matters, and to showing the utter lack of relevancy to this case of the decisions cited in the petition, particularly that of this Court in *American Steel Foundries* v. *Robertson,* 269 U. S. 372, on which petitioner principally relies.

Referring first to the latter case, the point of decision there was that the fact that the common word "Simplex" was a salient part of the name of a corporation other than that of the applicant for registration of it in the Patent Office for goods which the Court held to be in a different category from those of such corporation, was not a ground for refusing the registration. Obviously no such question is involved here. Petitioner's quotation on page 9 of the petition of a statement made by way of dicta in that opinion to the effect that equity will enjoin the appropriation of a trade-mark or trade name not only where it is identical with the name of a corporation but also where the resemblance is so close as to be likely to produce confusion as to such identity, is entirely beside the point. It plainly has nothing to do with the question of whether an older corporation can be enjoined from using its *corporate name* in an honest and non-deceptive way at the instance of a later corporation which has chosen a similar name. As noted above, the Court of Appeals said relative to this question that "our attention is called to no authority which under similar circumstances imposed such a drastic remedy."

Petitioner states a completely false issue on pages 6 and 9 of its petition when it says that a question presented is whether "the trade name 'Consumers' and defendant's corporate name 'Consumers Company' are confusingly similar." The word "Consumers" is the salient part of respondent's corporate name which it had used and given distinction in the Chicago area for many years before petitioner entered the fuel business under an imitative name. The Court of Appeals did not hold that petitioner's priority (which, incidentally, was by a very narrow margin —1926 as against 1927—) in the fuel oil business gave it any superior right to the word "Consumers" as a part of a *corporate name.* In fact it definitely and emphatically

negatived that idea in its second opinion. The majority of the Court only held (and even in that we feel strongly it was in error) that petitioner has the right to an injunction against the use of the word "Consumers" by the respondent as a "trade-name," by which, as clearly stated in its second opinion, it meant the name of the product (fuel oil), as distinguished from respondent's corporate name or the name of its business. Perhaps "trade-mark" would have been a more apt term than "trade-name," but in any event the Court's meaning has now been made clear.

Petitioner further seeks to confuse the issue by referring, without any support in the record or elsewhere, to the "continuously growing use of corporate names as trade names." (Pet. pp. 8 and 9.) What it means by this is not clear, but it *is* clear that petitioner is seeking, by this language, and by its contention on page 10 that respondent should be enjoined from using the word "Consumers" in its corporate name, to put respondent in the position of having to give up either its traditional corporate name or its fuel oil business. Such an injunction would of course amount to the same thing as one outrightly enjoining respondent from using its corporate name in the fuel oil business, which, under the circumstances, is unthinkable, as the Court of Appeals recognized.

The petition erroneously states that respondent did not begin the sale of fuel oil under its corporate name until 1938. In this connection it is pointed out that the Master before whom the case was tried found (R. 8) that:

> "Commencing in 1927, Consumers Company [defendant] began advertising the sale of fuel oil for domestic users and began the solicitation of orders therefor."

Furthermore, the majority opinion in the Court of Appeals acknowledged (R. 17) that "during the period from 1927

to 1938 when defendant was engaged in a limited fashion in selling fuel oil under the trade names of the Standard Oil Company, it advertised fuel oil in the telephone directory, by billboards and otherwise." While the oil sold was identified in some advertisements by the Standard Oil Company's trade-marks, the respondent unquestionably sold it from the beginning under its own *corporate name,* as every sales ticket and every advertisement, billboard, sign and telephone book listing plainly showed.

Petitioner refers, on page 4 and elsewhere in its petition, to alleged "substantial confusion of the public as between plaintiff and defendant." Aside from the fact that whatever confusion there might have been was caused by petitioner and not by respondent, the District Court, in findings which were not changed by the Court of Appeals (see its statement (R. 7) that it did not find it necessary to determine whether such findings or those of the Master should be accepted because the different result "was occasioned in the main by the application of different principles of law"), stated (original C. of A. Tr. 303) that the total sales involved in the evidence of so-called confusion amounted to "not more than $250.00 and the profit perhaps about $10.00."

As bearing on the merits of petitioner's contention on this aspect of the case, the following observation by Judge Minton in his dissenting opinion on the first appeal (R. 24) is pertinent:

> "From 1913 to 1925, when the plaintiff was organized, the defendant used the name 'Consumers' in the general fuel business in Chicago and had built up considerable good will in that field when the plaintiff came along. With the whole lexicon of names to choose from in order to enter a branch of the fuel field in Chicago, the plaintiff chose the defendant's name, already in use in the general fuel field. The defendant had a well known and widely advertised

> seal which it used in its business, and the plaintiff imitated that seal in its fuel oil business. Such conduct on the part of the plaintiff warranted the District Court in finding that: 'Its adoption of a similar name and seal is hereby found not to have been innocent or accidental' and its conclusion of law that the plaintiff did not come into court with clean hands."

The cases cited by petitioner in addition to the *American Steel Foundries* case above mentioned involve such different factual situations and are so clearly lacking in relevancy that space will not be taken to discuss them, except to point out that certain of them, particularly *Mantle Lamp Co. of America* v. *Aladdin Mfg. Co.*, 78 F. (2d) 426 (C. C. A. 7), are, in fact, definitely in respondent's favor. In the *Aladdin* case the Mantle Lamp Company had sold kerosene lamps under the trade-mark "Aladdin" for many years. The "Aladdin Manufacturing Company" was later organized and started to sell portable electric lamps under the name "Aladdin." The Mantle Lamp Company some time later also began selling portable electric lamps under the "Aladdin" name and brought a suit against the Aladdin Manufacturing Company, which, by way of counterclaim, sought an injunction against use of the name by the Mantle Lamp Company for electric lamps. In holding such counterclaim to be unfounded, the Court said:

> "Only one reasonable conclusion may be drawn from the record here before us, viz., that appellee took the corporate name 'Aladdin Manufacturing Company' with the deliberate intention of utilizing the advertising and the good will of appellant."

The parallel here is evident.

CONCLUSION.

The petition fails to present any grounds whatever for review of the case by this Court and it should accordingly be denied.

Respectfully submitted,

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